



**MEMORANDUM OF UNDERSTANDING BETWEEN  
THE GOVERNMENT OF THE UNITED MEXICAN STATES AND THE GOVERNMENT  
OF CANADA REGARDING CANADA'S APPLICATION  
OF PROVISIONAL SAFEGUARD MEASURES ON CERTAIN STEEL PRODUCTS**

THE GOVERNMENT OF THE UNITED MEXICAN STATES AND THE GOVERNMENT OF CANADA, through the Ministry of the Economy and the Department of Finance, respectively, hereinafter referred to as the "Participants",

RECOGNIZING that Canada has established as of October 25, 2018 provisional safeguard measures on certain steel goods pursuant to the *Order Imposing a Surtax on the Importation of Certain Steel Goods: SOR/2018-206* (the "Order");

RECOGNIZING that the Participants have a strong bilateral relationship in trade;

RECOGNIZING that the Participants have rights and obligations with respect to the imposition of global safeguards pursuant to the *North American Free Trade Agreement* (NAFTA); and

RECOGNIZING that this Memorandum of Understanding is without prejudice to each Participant's rights and obligations under the World Trade Organization (WTO) covered agreements and the NAFTA with respect to the final global safeguard measures;

HAVE COME to the following understanding:

**1. PURPOSE**

The purpose of this Memorandum of Understanding (MOU) is to reflect the understanding of the Participants with respect to the provisional safeguard measures that were established by the Order.

**2. DEFINITIONS**

- (a) *Energy Tubular Products* means goods set out in Class 3 in the Schedule of the Order; and
- (b) *Wire Rod* means goods set out in Class 7 in the Schedule of the Order.

**3. REVISED PROVISIONAL SAFEGUARD MEASURES**

- (a) For Energy Tubular Products, Canada will provide to Mexico an exclusive tariff-rate quota of 72,820 tonnes for imports of Energy Tubular Products for the 200-day period during which provisional safeguards apply. This volume is equal to approximately 28% of the total provisional safeguard quota established by the Order. The breakdown of the 200-day quota into 50-day segments as set out in the Order will not apply to imports from Mexico. Canada will administer this tariff-rate quota on a first-come first-served basis.
- (b) For Wire Rod, Canada will provide to Mexico an exclusive tariff rate quota of 16,776 tonnes for imports of Wire Rod for the 200-day period during which provisional safeguards apply. This volume is equal to approximately 36% of the total provisional safeguard quota established by the Order. The breakdown of the 200-day quota into 50-day segments will not apply to imports from Mexico. Canada will administer this tariff-rate quota on a first-come first-served basis.

**4. DIFFERENCE IN INTERPRETATION AND APPLICATION**

- (a) The Participants will resolve promptly any difference in interpretation and application of this MOU amicably through consultation.
- (b) Mexico will not initiate any dispute settlement proceedings under the WTO or NAFTA in respect of Canada's provisional safeguard measures.

**5. CANADIAN STEEL EXPORTS**

Mexico will take steps to immediately attend to any backlog of Canadian steel exports at the Mexican border and ensure that Canadian steel exports to Mexico that comply with the applicable laws and regulations of Mexico are not unduly delayed. Canadian steel exports will continue to benefit from applicable trusted trader programs.

**6. APPLICATION**

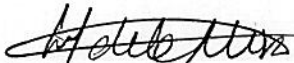
In order to give effect to this MOU, Canada will amend the Order at the earliest opportunity in 2019 to reflect the revised provisional safeguard measures set out in this MOU as they apply to Mexico in accordance with Canada's domestic regulations-making processes.

7. **FINAL PROVISIONS**

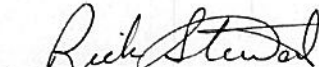
- (a) This MOU is effective from the date of its last signature by the Participants.
- (b) This MOU may be modified anytime by mutual consent of the Participants. The amendments will be formalized in writing and specify the date in which they become effective.
- (c) This MOU can be terminated upon request by any Participant through written notification to the other Participant with at least 30 days in advance.

SIGNED in Ottawa on this 16<sup>th</sup> day of January 2019,  
and in Mexico City on this 16<sup>th</sup> day of January 2019, in two  
copies, in the English, French and Spanish languages, each version being equally valid.

**FOR THE GOVERNMENT  
OF THE UNITED MEXICAN STATES**

  
Ministry of the Economy

**FOR THE GOVERNMENT OF CANADA**

  
Department of Finance